United Nations E/CN.3/2008/22

Economic and Social Council

Distr.: General
12 December 2007

Original: English

**Statistical Commission**
**Thirty-ninth session**
26-29 February 2008
Item 4 (h) of the provisional agenda*
**Items for information: Delhi Group on informal sector statistics**

# Delhi Group on Informal Sector Statistics

## Note by the Secretary-General

In accordance with a request of the Statistical Commission at its thirty-eighth session,** the Secretary-General has the honour to transmit the report of the Delhi Group on Informal Sector Statistics, which is presented to the Commission for information. The Commission is requested to take note of the report.

* E/CN.3/2008/1.

** See *Official Records of the Economic and Social Council, 2007, Supplement No. 4* (E/2007/24), chap. I.A.

07-64017 (E) 040108

# Report of the Delhi Group on Informal Sector Statistics

1. The Expert Group on Informal Sector Statistics commonly known as the "Delhi Group", was set up in 1997 as one of the city groups of the Statistical Commission to address various methodological issues involved in the treatment of the informal sector. The Secretary, Ministry of Statistics and Programme Implementation, Government of India, is the Chairman of the Group. A short report of the Group was submitted to the Commission for information at its thirty-seventh session. In the meantime, two more meetings of the Group have been held. A summary of those meetings is given below.

### Ninth meeting of the Delhi Group, 2006

2. The ninth meeting of the Delhi Group was held on 11 and 12 May 2006 in New Delhi. The Group discussed a number of issues, such as the informal sector in the updated *System of National Accounts, 1993* (1993, SNA); measuring the contribution of the informal sector to gross domestic product (GDP) and informal employment; measuring the links between poverty and informal employment; and the data quality of surveys on the informal sector and informal employment.

3. The need for active collaboration between the Delhi Group and the Advisory Expert Group on National Accounts in updating the 1993 SNA had been discussed in earlier meetings of the Group. The ninth meeting was successful in bringing the Delhi Group and the Advisory Expert Group on National Accounts together to discuss issues relating to the updating of 1993 SNA in respect of the informal sector and had thus set the stage for the desired collaboration. Drawing up the road map for the release of the manual on surveys of informal sector and informal employment has been an important achievement.

4. The recommendations made at the ninth meeting included:

(a) The treatment of the informal sector in a separate chapter in the updated 1993 SNA was appreciated. Such inclusion would be an instrument for improvement in national accounts, including by reflecting the informal sector's contribution to GDP;

(b) The Delhi Group endorsed the annotated outline for the chapter on the informal sector in the updated 1993 SNA, as recommended by the Advisory Expert Group on National Accounts. In respect of informal employment, the Group suggested examining the issue in a satellite accounting framework;

(c) The Delhi Group supported the initiative taken by the International Labour Organization for the preparation of a manual on surveys of informal sector and informal employment. This would consolidate the work accomplished by the Delhi Group on a conceptual framework for measuring informal sector and informal employment. The manual would highlight concepts, definitions and survey methodologies utilizing best practices and experiences;

(d) Measuring the contribution of the informal sector/informal employment to GDP remained a major challenge. The Delhi Group encouraged further efforts to prepare reliable and, in the longer run, comparable measures. The Group looked forward to the identification of good practices in the prospective manual and in the chapter on informal sector in the updated 1993 SNA. In particular, the Delhi Group stressed that practices that treated the economic activities of the informal sector as a

residual within national accounts should be abandoned and direct sources of information should be given a greater role;

(e) The Delhi Group endorsed the view that the tenth meeting of the Group in Geneva should be devoted exclusively to discussion and finalization of the manual and of the draft chapter on the informal sector in the updated 1993 SNA;

(f) There was a wide gap in the estimates of employment from household and enterprise surveys conducted in India. This, perhaps, was due to inadequate capturing of wage employment/freelancing, a component of informal employment. A methodology suggested by the Central Statistical Organization of India of conducting enterprise surveys that circumvented the problem of non-recognition of wage employees/freelancers was being tested in a few sectors, such as goods transportation by road, advertising, motion picture and video film production. It needed to be tested on a larger scale;

(g) The Group noted the conceptual work undertaken on measuring the links between poverty and informal employment and measuring the contribution of informal sector and informal employment to GDP and the linkage of informal employment and poverty, with specific reference to such vulnerable sections of society as women workers and home-based and street-based workers;

(h) The Delhi Group recognized the innovations as introduced in India in the recent quinquennial labour-force surveys, as regards measuring employment in the informal sector and informal employment and recommended that the innovations be introduced in annual surveys;

(i) The Delhi Group noted the time-use surveys conducted in India and other developing countries. Time-use surveys have the potential to measure the work pattern of the population. They can throw light on the need to improve estimation of work participation rates in labour-force surveys, although they are not a substitute for labour-force surveys. Systematic and sound methodological comparison of the results of time-use surveys and labour-force surveys could be encouraged.

**Tenth meeting of the Delhi Group, 2007**

5. The tenth meeting of the Delhi Group was organized and hosted by the International Labour Organization from 8 to 10 October 2007 in Geneva. The agenda was as follows:

(a) Manual on surveys of informal sector and informal employment: Progress report;

(b) Discussions on draft chapters 1 to 5 and 10 of the manual

(i) Chapter 1: Introduction;

(ii) Chapter 2: Concepts, definitions and sub-classification;

(iii) Chapter 3: Measurement objectives and data collection strategies;

(iv) Chapter 4: Household surveys on informal sector employment and other types of informal employment;

(v) Chapter 5: Informal sector establishment surveys;

(vi) Chapter 10: Use of data for the preparation of national accounts: labour input matrices and the production approach;

(c) Draft chapter of the updated 1993 SNA on the informal sector;

(d) Alternate aggregation for the informal sector in the International Standard Industrial Classification of All Economic Activities (ISIC), Rev.4 (ISIC, Rev.4).

6. There were extensive deliberations on the papers considered under the items of the agenda. The participants, while approving the broad outlines of the draft chapters and other agenda papers, suggested various changes in terms of their content and structure.

7. The team of contributors that is drafting the manual on surveys of informal sector and informal employment will suitably revise the draft chapters considered in the tenth meeting of the Delhi Group by March 2008. The other four chapters of the manual, namely, chapters 6 to 9 will be drafted by June 2008, and the complete manual will be placed before the Delhi Group at its eleventh meeting.

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